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THE METROPOLITAN  
TRUST COMPANY



ANNUAL REPORT  
1969







# The Metropolitan Trust Company



Head Office, 353 Bay Street, Toronto 1.

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**\*HARRY T. O'NEILL**  
 Chairman of the Board—The Metropolitan Trust Company  
 Chairman of the Board—International Savings and Mortgage Corporation

**JOHN D. BRADLEY**  
 President—Bradley Farms Ltd.

**JOSEPH A. CHIAPPETTA, Q.C.**  
 Gambin, Bratty, Chiappetta, Morassutti & Caruso

**\*JAN DUINKER**  
 Director—International Savings and Mortgage Corporation  
 President—Netherlands Overseas Corporation Canada Limited

**\*RUDOLF V. FRASTACKY**  
 President—The Metropolitan Trust Company  
 Director—International Savings and Mortgage Corporation

**ARTHUR B. GILL**  
 Director—International Savings and Mortgage Corporation  
 President—The Morgan Trust Company, Montreal, P.Q.

**THE HON. D. S. HARKNESS, P.C., G.M., E.D., B.A.**  
 Member of the Canadian House of Commons, Ottawa

**CHRISTOPH von MALAISE**  
 Exexutive Vice-President—Reno Engrais Chimiques, Paris, France

**\*K. L. MARKON**  
 Director—International Savings and Mortgage Corporation  
 President—Lismar Holdings Limited

**ROBERT K. McCONNELL**  
 President—McConnell and Company Limited

**\*J. JACQUES PIGOTT**  
 Executive Vice-President—Pigott Construction Company Limited

**D. E. RICHARDSON**  
 President  
 Manufacturers National Bank of Detroit

**\*T. STEWART RIPLEY**  
 Executive Vice-President and General Manager—The Metropolitan Trust Company  
 President—International Savings and Mortgage Corporation

**JACQUES ROY**  
 Director—International Savings and Mortgage Corporation  
 Executive Vice-President and General Manager—The Morgan Trust Company, Montreal, P.Q.

**FRIEDRICH SIMON**  
 Chairman of the Board—Bankhaus Friedrich Simon, Düsseldorf, Germany

**LAWRENCE W. SKEY, D.F.C., B.Comm.**  
 Treasurer and Director—Scudder International Investments Limited

**SENATOR THE HON. RICHARD J. STANBURY, Q.C.**  
 Hollingworth and Stanbury, Barristers and Solicitors

**DR. HANS HEINRICH RITTER von SRBIK**  
 General Partner—Bankhaus H. Aufhauser, Munich 2, Germany

*\*Member of Executive Committee*

## DIRECTORS



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CHAIRMAN OF THE BOARD, *Harry T. O'Neill*

---

PRESIDENT, *Rudolf V. Frastacky*

---

EXECUTIVE VICE-PRESIDENT AND GENERAL MANAGER  
*T. Stewart Ripley*

---

TREASURER, *Norman C. Saint, B.Comm., C.A.*

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SECRETARY AND ASSISTANT GENERAL MANAGER  
—TRUSTS, *A. Jack Russell*

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ASSISTANT GENERAL MANAGER—INVESTMENTS  
*Frank P. Benner*

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ASSISTANT GENERAL MANAGER—INTERNATIONAL  
DIVISION, *A. G. Vuk*

---

ASSISTANT GENERAL MANAGER—MORTGAGES,  
*J. Malcolm Wredde*

---

ASSISTANT TREASURER AND CONTROLLER,  
*Edwin J. Carter, C.A.*

---

SUPERVISOR OF ADMINISTRATION, *Lloyd B. Will*

---

SUPERVISOR OF AGENCIES—INTERNATIONAL DIVISION,  
*Louis V. Matukas*

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SUPERVISOR OF BRANCHES, *Geoffrey R. Wilson*

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## OFFICERS

# The Metropolitan Trust Company

## Assets, Guaranteed Account and Equity at December 31

	1969	1968	1967	1966	1965
Total Assets under Administration	\$406,839,000	\$312,431,000	\$171,586,000	\$113,269,000	\$ 76,538,000
Estates, Trusts and Agencies	\$287,108,000	\$215,779,000	\$144,968,000	\$ 89,106,000	\$ 52,578,000
Guaranteed Account:					
Savings and term deposits and investment certificates	\$ 98,659,000	\$ 77,076,000	\$ 23,263,000	\$ 21,026,000	\$ 21,074,000
Special guaranteed funds	13,955,000	14,625,000			
	<u>\$112,614,000</u>	<u>\$ 91,701,000</u>	<u>\$ 23,263,000</u>	<u>\$ 21,026,000</u>	<u>\$ 21,074,000</u>
Shareholders' Equity	\$ 6,625,000	\$ 4,562,000	\$ 3,133,000	\$ 2,908,000	\$ 2,786,000

## Earnings

	Year ended December 31, 1969	Six months ended December 31, 1968(1)	Six months ended June 30, 1968(2)	Year ended December 31		
	1969	1968(1)	1968(2)	1967	1966	1965
Earnings before Profits on Sales of Securities	\$515,000	\$207,000	\$106,000	\$165,000	\$141,000	\$118,000
Net Profits on Sales of Securities	14,000	70,000	—	—	—	—
Earnings before Extraordinary Credit	\$529,000	\$277,000	\$106,000	\$165,000	\$141,000	\$118,000
Extraordinary Credit—Tax Reduction	223,000	30,000	—	—	—	—
Net Earnings	<u>\$752,000</u>	<u>\$307,000</u>	<u>\$106,000</u>	<u>\$165,000</u>	<u>\$141,000</u>	<u>\$118,000</u>

## Earnings Per Share<sup>(3) (4)</sup>

Earnings before Profits on Sales of Securities	<u>\$1.53</u>	<u>\$0.72</u>	<u>\$0.42</u>	<u>\$0.68</u>	<u>\$0.58</u>	<u>\$0.49</u>
Earnings before Extraordinary Credit	<u>\$1.57</u>	<u>\$0.96</u>	<u>\$0.42</u>	<u>\$0.68</u>	<u>\$0.58</u>	<u>\$0.49</u>
Net Earnings	<u>\$2.24</u>	<u>\$1.06</u>	<u>\$0.42</u>	<u>\$0.68</u>	<u>\$0.58</u>	<u>\$0.49</u>

### NOTES:

- (1) Following the merger with York Trust and Savings Corporation
- (2) Prior to the merger with York Trust and Savings Corporation
- (3) Based on the average number of shares outstanding during the periods
- (4) Per share figures for all periods have been restated to reflect the 2<sup>1</sup>/<sub>2</sub> for 1 subdivision of shares in April, 1968.

## OUR GROWTH IN BRIEF



**On behalf of the Board of Directors, I am pleased to submit the 1969 Annual Report of your Company.**

*This is our eighth Annual Report and since the first report issued for the year 1962, the story of the Company is one of continued, well planned and profitable growth. This growth has resulted in the Company becoming firmly established among the top ten trust companies in Canada in only seven full years of operation. This record is one of which the Company, directors, staff and shareholders are justifiably proud.*

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## Merger and acquisition

Effective June 30, 1969 we acquired the net assets of Kent Trust & Savings Company, a trust company based in Southwestern Ontario. At the same date, we purchased the business of the W. E. Gale Mortgage Company, a mortgage banking operation in Vancouver and we intend eventually to have a fully operating trust company branch in that city.

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## Financial statements

The growth in both our assets and our earnings is depicted in the financial statements included later on in this report. As in 1968, we are including the consolidated financial statements of Metropolitan and its subsidiary International Savings and Mortgage Corporation, together with the unconsolidated balance sheet of Metropolitan and the separate financial statements of International Savings. In the consolidated statements of earnings, undivided profits and reserve fund, the 1969 figures for the full year are compared with the 1968 figures for the six months following the date of merger with York Trust and Savings Corporation. In the first six months of 1968, Metropolitan Trust and York operated under different managements, operating conditions and financial structures and because of their lack of comparability, the operations for that period are not shown in the financial statements.

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## Earnings

Earnings before taking into account profits on sales of securities and the extraordinary income tax credit resulting from the tax loss carry forward of York Trust amounted to \$515,000 (or \$1.53 per share) for the year 1969, compared with \$207,000 (or 72 cents per share) for the last six months of 1968. Net earnings including the securities profits and the income tax credit totalled \$752,000 (or \$2.24 per share) in 1969, compared with \$307,000 (or \$1.06 per share) in the last six months of 1968. The above earnings per share figures are based on the average number of shares outstanding during the periods. Earnings per share for the year ended December 31, 1969 on the basis of 379,306 shares outstanding at the year end amounted to \$1.98.

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## Dividends

Dividends of 25 cents per share were paid on February 15, 1969 and on August 15, 1969. The dividend payable on February 16, 1970 has been increased to 30 cents per share.

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# REPORT TO SHAREHOLDERS



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## Assets

Total capital and guaranteed account assets increased to \$120 million at December 31, 1969 from \$97 million at December 31, 1968. Included in total assets at the end of 1969 are \$80 million in mortgage loans, and \$38 million in liquid assets—cash, short term deposits and notes, bonds and stocks, and mortgage advances.

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## Guaranteed account

Guaranteed account increased to \$113 million at December 31, 1969 compared with \$92 million at the end of 1968, an increase of \$21 million. Savings deposits increased by \$4 million, term deposits by \$3 million and investment certificates by \$14 million.

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## Shareholders' equity

Shareholders' equity amounted to \$6,625,000 (\$17.47 per share) at December 31, 1969 compared with \$4,562,000 (\$15.44 per share) at December 31, 1968.

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## Assets under administration

Total consolidated assets owned and under administration increased by \$94 million or 30.2% during 1969 to \$407 million at the year end.

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## Branch operations

The year 1969 saw a continued increase in competition for the public's saving dollar. The record interest rate levels paid for all forms of deposits highlighted this competition.

The Company introduced a more competitive savings account plan at 7% in combination with a chequing account, or interest at 6¾% if the customer had no chequing account. The growth in the savings account area since the new plan was introduced has confirmed our decision. The increased savings interest rate is nearly offset by the reduction of interest costs on chequing accounts and inroads on profits are therefore minimal.

The merger with Kent Trust provided representation in Southwestern Ontario. Metro Trust now operates 16 branches, 11 in the Metropolitan area, 2 in Southwestern Ontario, 1 in Vancouver (presently only providing mortgage services) and 2 branches of its subsidiary company, International Savings and Mortgage Corporation in Montreal.

Deposits from the public increased \$11,000,000 for the year, a growth of over 14% (based on combined Metropolitan Trust and Kent Trust deposit figures as at December 31, 1968). Over and above this figure an additional growth in this account of \$10,000,000 can be attributed to the merger with Kent Trust.

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## International Savings and Mortgage Corporation

The growth of International Savings has again been most encouraging. Assets increased by \$3,866,380 to \$10,767,142 during the year with an increase in deposits from the public of \$3,809,000 or 74% to \$8,947,000.

This rapid growth has placed International Savings in a profit position during 1969 of \$56,809 as compared to a profit of \$94 for the first half of the year under review.

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## Mortgage department

Funds totalling \$29,250,000 were placed by the Mortgage Department during 1969, an increase of over \$5,000,000 on the preceding year.

Continued growth in the specialized Mortgage Banking area was experienced in 1969 with \$22,000,000 in Agency funds placed on behalf of various United States and European investors and Canadian Pension funds.

Your Company now administers a mortgage portfolio rapidly approaching 6,000 accounts with a total dollar value of nearly \$177,000,000.

The purchase of Gale Mortgage Corporation provided your Company with stronger representation on the West Coast and improved service for many of our clients who already have interests in this part of Canada. With the purchase of Gale, Metropolitan Trust was appointed Mortgage correspondent for two additional United States insurance companies previously represented by Gale.

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## Real estate

The currency speculation that occurred during the early part of the summer and continued until the revaluation of the German Mark in November encouraged our overseas investors to adopt a wait-and-see attitude in respect to new investments in Canada.

During the first part of the year investors were keenly interested in the acquisition of Canadian real estate and the interest continued after the revaluation of the Deutsch-Mark.

Despite the break on the flow of funds from abroad, the volume of profitable real estate business trans-



actions increased considerably.

More and more of our non-resident clients, upon our initiative entered into joint ventures with Canadian land developers and builders resulting in joint ownership of newly created residential or commercial property. Many of the new acquisitions of our clients were placed with our Property Management Department for continued management.

The Company continues to work toward entering new capital markets, which are largely unaware of the possibilities in Canada, and we feel that these endeavours will bear fruit in the current and coming years.

Kent Trust was active in the Real Estate field and with the merger, Metropolitan Trust acquired the services of salesmen well versed in the residential and commercial field in Southwestern Ontario. Real Estate offices are established in Windsor, Chatham and recently in London, Ontario.

The acquisition of Gale Mortgage Corporation also provided a Real Estate office in West Vancouver.

### **Property management**

The growth in income from management fees for 1969 increased by 37.5% over 1968. The total rentals collected by this department during the year was approximately \$10,000,000.

Under the direct management of this department are 44 apartment buildings and town house developments, 30 commercial and industrial buildings, office buildings, 2 plazas and 24 farms plus numerous indirect management situations.

### **Personal and corporate trust services**

This past year while placing substantial emphasis on the development of all trust services, we have as always concentrated our efforts on those services which generate an immediate fee income. This program has shown sizable rewards.

Revenues from trust services showed significant increases this past year as a result of implementing standardized procedures for our head office and branch systems and upgrading our existing accounts. Fees from such services increased 105% over 1968 figures and the number of accounts showed a 120% increase over the past year.

### **Data processing**

In April of 1969 a more sophisticated data processing system was installed, to meet the increased needs of management and clients, necessitated by the rapid growth in size and complexity of your company's business.

## **Outlook**

The competition among financial institutions in all areas of their business continues. To meet this competition successfully calls for sound policy decisions and equally sound and marketable ideas. Metropolitan Trust has proven its capabilities of being a leader in these areas.

Figures shown in the "Growth in Brief" section of this report speak for themselves, but these are figures of past performance. What of the future?

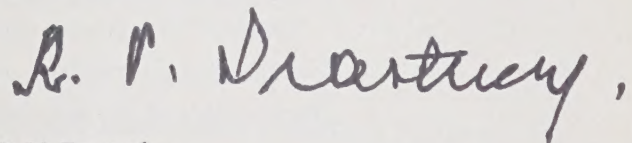
The proposed changes in Federal legislation will permit Trust Companies to engage in broader activities, with a considerably enlarged choice of lending and investment practices. The ability to invest in real estate directly or through subsidiaries is also under consideration. Provincial legislation in the Trust Company area is expected to be in line with the Federal changes and these amendments should be in effect in 1970.

Metropolitan Trust has been engaged in Real Estate activities as a Broker, Appraiser and Mortgage correspondent and has also demonstrated its flexibility and experience in specialized areas and the proposed changes in legislation will permit enlarged use of these capabilities.

The progress in all areas of your company's business during 1969 has, we feel, been most satisfactory, with continued increases in fee income, mortgage income and satisfactory growth in the savings and branch operations field, the latter being the most recent area of expansion of your company's business. This growth record combined with the possibility of new and enlarged areas of business in which your company has a proven record enables us to look forward to the continued profitable growth and planned expansion of The Metropolitan Trust Company.

Appreciation is extended to the members of the Board and their Executive Committee for devoting so much of their time and effort to the affairs of the Company. The diligence and loyalty of the staff has contributed greatly to the degree of success recorded for the year and is acknowledged with gratitude.

Respectfully submitted



R. V. Frastacky  
President

Toronto, February 4, 1970



# THE METROPOLITAN TRUST COMPANY

(Incorporated under The Loan and Trust Corporations Act of Ontario)  
and its subsidiary, International Savings and Mortgage Corporation

## CONSOLIDATED BALANCE SHEET

DECEMBER 31, 1969

(with comparative figures at December 31, 1968)

### Assets

	1969	1968
Cash and bank deposit receipts.....	\$ 9,519,213	\$ 8,286,457
Short term corporation notes.....	5,813,658	5,865,420
Bonds:		
Government of Canada and Provincial bonds	14,657,810	11,161,969
Municipal and corporate bonds.....	<u>4,481,785</u>	<u>4,086,618</u>
Total, at amortized cost (market value 1969 — \$16,391,000; 1968 — \$13,583,000)	19,139,595	15,248,587
Stocks, at lower of cost or market (market value 1969 — \$328,000; 1968 — \$322,000).....	312,517	298,572
Advances on mortgages to be resold.....	3,283,498	1,700,492
Secured loans .....	342,549	175,141
Fees, commissions and other receivables .....	410,226	431,295
Mortgage loans, at amortized cost .....	80,304,019 ✓	64,156,160
Premises, equipment and leasehold improve- ments, at cost less accumulated depreciation and amortization of \$683,165 (1968 — \$562,730) .....	<u>606,564</u>	<u>489,892</u>
Total capital and guaranteed account assets.....	<u>\$119,731,839</u>	<u>\$ 96,652,016</u>

### Assets under Administration

Cash, securities and other assets held for Estates, Trusts and Agencies.....	\$287,107,614	\$215,779,165
Capital and guaranteed account assets.....	<u>119,731,839</u>	<u>96,652,016</u>
Total assets under administration.....	<u>\$406,839,453</u>	<u>\$312,431,181</u>

(See accompanying notes to financial statements)



## Liabilities and Shareholders' Equity

	1969	1968
Liabilities:		
Guaranteed account —		
Savings deposits.....	\$ 33,893,915	\$ 29,624,150
Term deposits.....	10,185,290	7,230,138
Investment certificates.....	54,580,086	40,221,657
Special guaranteed funds (note 3).....	13,954,852	14,625,391
	<u>112,614,143</u>	<u>91,701,336</u>
Sundry accrued liabilities.....	492,566	388,386
	<u>113,106,709</u>	<u>92,089,722</u>
Shareholders' equity:		
Capital stock (note 4) —		
Authorized: 1,000,000 shares of \$10 par value each		
Issued: 379,306 shares		
(1968 — 295,435 shares).....	3,793,060	2,954,350
Reserve fund.....	2,300,000	1,400,000
Undivided profits.....	532,070	207,944
	<u>6,625,130</u>	<u>4,562,294</u>
Total capital and guaranteed account liabilities.	<u>\$119,731,839</u>	<u>\$ 96,652,016</u>

Attested: (signed) RUDOLF V. FRASTACKY,  
President

(signed) T. STEWART RIPLEY,  
Executive Vice President and General Manager



**THE METROPOLITAN TRUST COMPANY**  
and its subsidiary, *International Savings and Mortgage Corporation*

**CONSOLIDATED STATEMENT OF EARNINGS**

FOR THE YEAR ENDED DECEMBER 31, 1969

(with comparative figures for the six months ended December 31, 1968 — note 2\*)

	1969 (12 months)	1968 (6 months*)
Income:		
Interest on mortgages.....	\$5,610,098	\$2,433,876
Interest and dividends on bonds, notes and stocks.....	2,241,737	903,569
Fees and commissions.....	<u>1,835,527</u>	<u>634,112</u>
	<u>9,687,362</u>	<u>3,971,557</u>
Expense:		
Interest on guaranteed funds.....	6,166,642	2,590,964
Salaries and staff benefits.....	1,622,419	671,432
Depreciation.....	143,240	74,656
Other operating expenses.....	<u>1,017,177</u>	<u>397,629</u>
	<u>8,949,478</u>	<u>3,734,681</u>
Earnings before income taxes and profits on sales of securities.....	737,884	236,876
Income taxes (see extraordinary credit below) (note 5).....	<u>223,000</u>	<u>30,000</u>
Earnings before profits on sales of securities.....	514,884	206,876
Net profits on sales of securities.....	<u>13,991</u>	<u>70,078</u>
Earnings before extraordinary credit.....	528,875	276,954
Extraordinary credit — reduction in income taxes resulting from loss carry-forward (note 5).....	<u>223,000</u>	<u>30,000</u>
Net earnings.....	<u>\$ 751,875</u>	<u>\$ 306,954</u>
Earnings per share (based on the weighted average number of shares outstanding during the period) —		
Earnings before net profits on sales of securities...	<u>\$1.53</u>	<u>\$ .72</u>
Earnings before extraordinary credit.....	<u>\$1.57</u>	<u>\$ .96</u>
Net earnings.....	<u>\$2.24</u>	<u>\$1.06</u>

(See accompanying notes to financial statements)



THE METROPOLITAN TRUST COMPANY  
and its subsidiary, International Savings and Mortgage Corporation

## CONSOLIDATED STATEMENTS OF UNDIVIDED PROFITS AND RESERVE FUND

FOR THE YEAR ENDED DECEMBER 31, 1969  
(with comparative figures for the six months ended December 31, 1968 — note 2\*)

Undivided Profits	1969 (12 months)	1968 (6 months*)
Balance, beginning of period .....	\$ 207,944	\$
Add net earnings .....	751,875	306,954
	<u>959,819</u>	<u>306,954</u>
Deduct:		
Dividends of 50 cents per share .....	167,807	
Transfer to reserve fund .....	259,942	99,010
	<u>427,749</u>	<u>99,010</u>
Balance, end of period .....	<u>\$ 532,070</u>	<u>\$ 207,944</u>

### Reserve Fund

Balance, beginning of period .....	\$1,400,000	\$1,151,404
Securities reserves transferred .....		129,821
	<u>1,400,000</u>	<u>1,281,225</u>
Add:		
Transfer from undivided profits .....	259,942	99,010
Premiums received on shares issued (note 4) .....	816,482	19,765
	<u>2,476,424</u>	<u>1,400,000</u>
Deduct charges in connection with businesses acquired:		
Excess of value of consideration paid over the book value of the net tangible assets acquired (note 1) .....	162,854	
Legal and audit costs .....	13,570	
	<u>176,424</u>	
Balance, end of period .....	<u>\$2,300,000</u>	<u>\$1,400,000</u>

(See accompanying notes to financial statements)



# THE METROPOLITAN TRUST COMPANY

and its subsidiary, International Savings and Mortgage Corporation

DECEMBER 31, 1969

## 1. Basis of consolidation

The consolidated financial statements include the accounts of the company and its subsidiary, International Savings and Mortgage Corporation, for the year ended December 31, 1969 and for the six month period ended December 31, 1968.

The 1969 consolidated statements also include the operations of two businesses acquired as of June 30, 1969—Kent Trust & Savings Company and W. E. Gale Mortgage Co. Ltd. The excess of the purchase prices of the acquired businesses over the values of the net tangible assets acquired was charged against the "reserve fund". This amounts to \$18,854 in the case of Kent and \$144,000 in the case of Gale.

## 2. Comparative figures for 1968

Effective June 30, 1968, the operations of The Metropolitan Trust Company and York Trust and Savings Corporation were merged, and the results of operations of the merged company for the six months ended December 31, 1968 are presented in the accompanying financial statements. Prior to the merger, the two companies operated under different managements, operating conditions and financial structures. Because of their lack of comparability, the results for the six months ended June 30, 1968 are not set out in the accompanying financial statements.

## 3. Special guaranteed funds

Special guaranteed funds consist of a loan, secured by a pledge of N.H.A. mortgages with a principal value of approximately \$15,650,000, repayable by December 1, 1977, with interest at 6½% per annum. Monthly principal repayments are to be made during

the period the funds are held, equal to all principal amounts received on the pledged mortgages.

## 4. Capital stock

During 1969, 83,871 shares of the company's capital stock were issued as follows:

	Number of shares	Issue price	Credited to Capital stock	Reserve fund
In consideration for the net assets and business of Kent Trust & Savings Company	78,484	\$20.00	\$784,840	\$784,840
On exercise of options	<u>5,387</u>	<u>Various</u>	<u>53,870</u>	<u>31,642</u>
	<u>83,871</u>		<u>\$838,710</u>	<u>\$816,482</u>

At December 31, 1969 options were outstanding to certain officers and employees to purchase 21,064 shares, as follows:

Option expires	Option price	Number of shares
June 30, 1970	\$16.00	5,090
December 15, 1970	15.20	2,500
December 31, 1970	16.00	3,249
December 17, 1972	11.00	1,250
December 17, 1973	11.00	8,125
December 31, 1974	20.00	850
		<u>21,064</u>

## 5. Income taxes

The provision for income taxes of \$223,000 in 1969 (\$30,000 in 1968) is based on the income that

# NOTES TO FINANCIAL STATEMENTS

would have been subject to tax without the benefit of the loss carry-forward of York Trust and Savings Corporation. The tax reductions resulting from the carry-forward of these losses have in each year been shown as extraordinary credits in the consolidated statement of earnings. At December 31, 1969, additional tax losses of approximately \$1,600,000 are available for deduction from future years' taxable income, subject to a 5-year carry-over limitation from the year of loss.

## 6. Capital base

At June 30, 1968 when Metropolitan Trust and York Trust were merged, the latter company's capital stock was reduced and the reduction in part, was applied to write down the carrying value of York's investments. The write-down is being amortized over the life of the investments to which it relates. Such amortization (which has no income tax effect) amounted to \$150,905 in 1968 (six months) and \$281,722 in 1969. As at December 31, 1969, the unamortized balance of these write-downs amounting to \$2,181,040 is included in the company's "capital base for borrowing purposes" as determined under the provisions of The Loan and Trust Corporations Act.

## 7. Long-term leases

The company's head office and branch premises are held under long-term leases extending over the next 18 years. The minimum annual rental payable under all leases currently in force totals \$243,600 and actual rentals paid in 1969 amounted to \$214,237.

## To the Shareholders of The Metropolitan Trust Company:

*We have examined the consolidated balance sheet of The Metropolitan Trust Company and its subsidiary company as at December 31, 1969 and the consolidated statements of earnings, undivided profits and reserve fund for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.*

*The assets held for Guaranteed Account and for Estates, Trusts and Agencies are kept separate from the Company's own assets and are so recorded on the books of the company as to show the accounts to which they belong.*

*In our opinion, these consolidated financial statements present fairly the financial position of The Metropolitan Trust Company and its subsidiary company as at December 31, 1969 and the results of their operations for the year then ended, on a basis consistent with that of the preceding period.*

Toronto, Canada,  
February 4, 1970.

Clarkson, Gordon & Co.  
Chartered Accountants

# AUDITORS' REPORT



# THE METROPOLITAN TRUST COMPANY

(Incorporated under The Loan and Trust Corporations Act of Ontario)

## UNCONSOLIDATED BALANCE SHEET

DECEMBER 31, 1969

(with comparative figures at December 31, 1968)

### Assets

	1969	1968
Cash and bank deposit receipts.....	\$ 9,285,866	\$ 7,102,464
Short term corporation notes.....	4,294,896	5,664,554
Bonds:		
Government of Canada and Provincial bonds	13,630,525	10,820,604
Municipal and corporate bonds.....	<u>4,051,759</u>	<u>3,759,835</u>
Total, at amortized cost (market value 1969 — \$15,036,000; 1968 — \$12,980,000)...	17,682,284	14,580,439
Stocks, at lower of cost or market (market value 1969 — \$328,000; 1968 — \$322,000).....	312,517	298,572
Advances on mortgages to be resold.....	2,477,421	894,377
Secured loans.....	323,311	158,701
Fees, commissions and other receivables.....	410,050	394,766
Mortgage loans, at amortized cost.....	73,624,210	60,243,903
Investment in shares of subsidiary company, International Savings and Mortgage Corporation, at equity value.....	1,755,568	1,652,657
Premises, equipment and leasehold improve- ments, at cost less accumulated depreciation and amortization of \$595,932 (1968 — \$499,838) .....	<u>554,142</u>	<u>413,479</u>
Total capital and guaranteed account assets.....	<u>\$110,720,265</u>	<u>\$ 91,403,912</u>

### Assets under Administration

Cash, securities and other assets held for Estates, Trusts and Agencies.....	\$287,107,614	\$215,779,165
Capital and guaranteed account assets.....	<u>110,720,265</u>	<u>91,403,912</u>
Total assets under administration.....	<u>\$397,827,879</u>	<u>\$307,183,077</u>

(See accompanying notes to financial statements)



## Liabilities and Shareholders' Equity

	1969	1968
Liabilities:		
Guaranteed account —		
Savings deposits.....	\$ 31,285,355	\$ 27,631,194
Term deposits.....	9,606,630	6,888,086
Investment certificates.....	48,820,060	37,418,757
Special guaranteed funds (note 3).....	13,954,852	14,625,391
	103,666,897	86,563,428
Sundry accrued liabilities.....	428,238	319,298
	104,095,135	86,882,726
Shareholders' equity:		
Capital stock (note 4) —		
Authorized:		
1,000,000 shares of \$10 par value each		
Issued: 379,306 shares		
(1968 — 295,435 shares).....	3,793,060	2,954,350
Reserve fund.....	2,300,000	1,358,892
Undivided profits.....	532,070	207,944
	6,625,130	4,521,186
Total capital and guaranteed account liabilities..	<u>\$110,720,265</u>	<u>\$ 91,403,912</u>

Attested: (signed) **RUDOLF V. FRASTACKY,**  
President

(signed) **T. STEWART RIPLEY,**  
Executive Vice President and General Manager

To the Shareholders of The Metropolitan Trust Company:

### Auditors' Report

*We have examined the unconsolidated balance sheet of The Metropolitan Trust Company as at December 31, 1969. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.*

*The assets held for Guaranteed Account and for Estates, Trusts and Agencies are kept separate from the company's own assets and are so recorded on the books of the company as to show the accounts to which they belong.*

*In our opinion, the accompanying unconsolidated balance sheet presents fairly the financial position of The Metropolitan Trust Company as at December 31, 1969, on a consistent basis.*

Toronto, Canada,  
February 4, 1970.

Clarkson, Gordon & Co.  
Chartered Accountants



**INTERNATIONAL SAVINGS AND MORTGAGE CORPORATION**  
*(Incorporated by Special Act of the Parliament of Canada)*

**BALANCE SHEET**

DECEMBER 31, 1969  
 (with comparative figures at December 31, 1968)

**Assets**

	1969	1968
Cash and bank deposit receipts.....	\$ 233,347	\$ 1,183,993
Short term corporation notes.....	1,518,762	200,866
Bonds:		
Government of Canada and Provincial bonds...	1,027,285	341,365
Municipal and corporate bonds.....	<u>430,026</u>	<u>326,784</u>
Total, at amortized cost (market value 1969 — \$1,355,000; 1968 — \$603,000).....	1,457,311	668,149
Advances on mortgages to be resold.....	806,077	806,115
Secured loans .....	19,238	16,440
Accounts receivable.....	176	36,529
Mortgage loans, at amortized cost .....	6,679,809	3,912,257
Premises, equipment and leasehold improvements, at cost less accumulated depreciation and amortization of \$87,233 (1968 — \$63,775) .....	52,422	76,413
	<u>\$10,767,142</u>	<u>\$ 6,900,762</u>

*(See accompanying notes to financial statements)*

**Auditors' Report**

To the Shareholders of International Savings and Mortgage Corporation:

*We have examined the balance sheet of International Savings and Mortgage Corporation as at December 31, 1969 and the statements of earnings, deficit, and reserve fund for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.*

*In our opinion, these financial statements present fairly the financial position of International Savings and Mortgage Corporation as at December 31, 1969 and the results of its operations for the year then ended.*

Toronto, Canada,  
 February 4, 1970

Clarkson, Gordon & Co.  
 Chartered Accountants

## Liabilities and Shareholders' Equity

	1969	1968
Liabilities:		
Deposits and certificates —		
Savings deposits.....	\$ 2,608,560	\$ 1,992,956
Term deposits.....	578,660	342,052
Investment certificates.....	<u>5,760,026</u>	<u>2,802,900</u>
	8,947,246	5,137,908
Sundry accrued liabilities.....	<u>22,066</u>	<u>29,711</u>
	8,969,312	5,167,619
Shareholders' equity:		
Capital stock (note 1) —		
Authorized:		
4,000,000 shares of \$5 par value each		
Issued:		
	<u>1969</u>	<u>1968</u>
Fully paid shares.....	297,580	293,980
Partly paid shares....	<u>—</u>	<u>3,600</u>
	<u>297,580</u>	<u>297,580</u>
	1,487,900	1,469,900
	<u>—</u>	<u>15,624</u>
	1,487,900	1,485,524
Reserve fund.....	406,610	401,108
Deficit .....	<u>(96,680)</u>	<u>(153,489)</u>
	<u>1,797,830</u>	<u>1,733,143</u>
	<u>\$10,767,142</u>	<u>\$ 6,900,762</u>

We hereby certify that to the best of our knowledge and belief the above statement is correct and shows truly and clearly the financial condition of the Company's affairs.

(signed) T. STEWART RIPLEY,  
President and Director

(signed) NORMAN C. SAINT,  
Director



INTERNATIONAL SAVINGS  
AND MORTGAGE CORPORATION

**STATEMENT OF EARNINGS**

FOR THE YEAR ENDED DECEMBER 31, 1969  
(with comparative figures for 1968)

**Earnings**

	1969	1968
Income:		
Interest on mortgages.....	\$465,532	\$283,600
Interest on bonds and notes.....	245,867	115,719
Fees and commissions.....	<u>4,570</u>	<u>8,311</u>
	715,969	407,630
Expense:		
Interest on deposits and certificates....	464,318	222,668
Salaries and staff benefits.....	71,426	78,405
Depreciation.....	24,490	24,745
Other operating expenses.....	<u>99,126</u>	<u>76,284</u>
	659,360	402,102
Earnings before income taxes and securities profits and reserve.....	56,609	5,528
Income taxes (see extra-ordinary credit below) (note 2).....	<u>30,000</u>	—
Earnings before securities profits and reserve.....	26,609	5,528
Add (deduct):		
Net profits on sales of securities.....	200	28,068
Provision for securities reserve.....	—	<u>(41,108)</u>
Earnings (loss) before extraordinary credit.....	26,809	(7,512)
Extraordinary credit — reduction in income taxes resulting from loss carry-forward (note 2).....	<u>30,000</u>	—
Net earnings (loss).....	<u>\$ 56,809</u>	<u>\$ (7,512)</u>

(See accompanying notes to financial statements)

INTERNATIONAL SAVINGS  
AND MORTGAGE CORPORATION

## STATEMENTS OF DEFICIT AND RESERVE FUND

FOR THE YEAR ENDED DECEMBER 31, 1969  
(with comparative figures for 1968)

### Deficit

	1969	1968
Balance, beginning of year.....	\$(153,489)	\$(145,977)
Net earnings (loss).....	<u>56,809</u>	<u>(7,512)</u>
Balance, end of year.....	<u>\$ (96,680)</u>	<u>\$(153,489)</u>

### Reserve Fund

Balance, beginning of year.....	\$401,108	\$360,000
Premiums received on shares forfeited and reissued (note 1).....	5,502	
Provision for securities reserve — transferred to reserve fund..	<u>          </u>	<u>41,108</u>
Balance, end of year.....	<u>\$406,610</u>	<u>\$401,108</u>

*(See accompanying notes to financial statements)*

### Notes to Financial Statements December 31, 1969

**1. Capital stock:** During 1969 the company made a call on all partly paid shares of its capital stock for the balance of the subscription price. With respect to 1,100 shares the call was not met; these shares were declared forfeited and amounts of \$4,589 previously received with respect to such shares were credited to reserve fund. The 1,100 shares were then reissued to the parent company for an aggregate consideration of \$6,413 of which \$913 has been credited to reserve fund.

**2. Income taxes:** The reduction in income taxes otherwise payable of \$30,000 shown as an extraordinary credit in the statement of earnings for the year ended December 31, 1969 results from the carry-forward for tax purposes of prior years' losses. Additional losses of approximately \$64,000 are available for deduction from future years' taxable income, subject to a five-year carry-over limitation from the year of loss.

**3. Long-term leases:** The company's premises are held under long-term leases extending over the next 12 years. The minimum annual rental payable under all leases currently in force totals \$16,600 and actual rentals paid in 1969 amounted to \$16,672.



## Services

Savings Accounts  
Save-by-Mail  
Chequing Accounts  
Guaranteed Investment Certificates  
Mortgage Savings Certificates  
Term Deposits  
Investment Funds (growth and income funds)  
Registered Retirement Savings Plan  
Estate Planning  
Real Estate Sales  
Mortgages  
Property Management  
Real Estate Counselling  
Financing  
Personal Trust Services  
Services for Individuals  
Services for Corporations

## Branches

**TORONTO:**  
353 Bay Street (at Temperance)  
681 Danforth Avenue (near Pape)  
1171 St. Clair Avenue West (at Dufferin)  
43 Eglinton Avenue East (near Yonge)  
852 Eglinton Avenue West (at Bathurst)  
628 Sheppard Avenue West (at Bathurst)  
Dixie Plaza (1250 South Service Road)  
Thornccliffe Market Place (45 Overlea Boulevard)  
Towne and Countryside Square (6432 Yonge Street)  
1603 Wilson Avenue (at Jane)

**CHATHAM:**  
635 Grand Avenue W., Chatham, Ontario

**WINDSOR:**  
500 Ouellette Avenue, Windsor 14, Ontario

**VANCOUVER:**  
885 Dunsmuir Avenue, Vancouver 1

## International Savings & Mortgage Corp.

Head Office, 353 Bay Street, Toronto 1.

### Branches

4861 Van Horne Ave., Montreal 26  
2324 Lucerne Road, Montreal 16







